



COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

APPROVED SUMMARIZED MINUTES

Thursday, December 11, 2014

4:00 p.m.

City Hall, Kiva Conference Room
3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

PRESENT:	Mayor W.J. "Jim" Lane Councilmember Linda Milhaven
ABSENT:	Councilmember Dennis Robbins
STAFF:	Danielle Casey, Economic Development Director Rob Millar, Economic Development Manager – Business Development Robert Tunis, Economic Development Manager – Business Retention Sarah Ferrara, Aviation Plan and Outreach Coordinator Kelly Corsette, Communications and Public Affairs Director William Hylan, Assistant City Attorney Rachel Smetana, Chief of Staff – Mayor's Office
GUESTS:	Rachel Pearson, Scottsdale Convention and Visitors Bureau Kevin Sullivan, Arizona Commerce Authority

Call to Order/Roll Call

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 4:03 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

1. Approval of October 9, 2014 Minutes

COUNCILMEMBER MILHAVEN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 9, 2014 MEETING OF THE COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AS PRESENTED. MAYOR LANE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF TWO (2) TO ZERO (0). COUNCILMEMBER ROBBINS WAS ABSENT.

2. Arizona Commerce Authority (ACA) Annual Update

Kevin Sullivan, Senior Vice President of Business Attraction, reported that the ACA has closed on 49 deals so far this year, which encompasses \$415 million worth of capital expenditure, and 7,500 jobs with an average salary of \$57,000. The goal for the upcoming year is 15,000 jobs, capital expenditures of \$1.2 billion, and an average salary of \$50,000. Of the 49 deals that have been closed so far this year, six were located in Scottsdale.

Mr. Sullivan said the total ACA pipeline currently contains about 194 business attraction and expansion projects, representing \$21 billion worth of capital expenditure, and 40,000 jobs with an average wage of \$49,000. Manufacturing, IT, and renewable energy continue to be the key sectors of focus. Aerospace, defense and business support services are three sectors for which Scottsdale is increasingly being considered. Even though the Apple project ultimately chose another destination, the exposure gained from that experience has put Scottsdale in a new positive light.

Mayor Lane noted that about 6% of projects in the pipeline are in the bioscience and biotechnology sectors. Mr. Sullivan pointed out that this is about 2% higher than normal, which indicates that Arizona is starting to gain clients that tout the location to other businesses in their industry.

Mr. Sullivan reported that California continues to be the source of many businesses in the pipeline, with the Midwest and the East also presenting strong opportunities. ACA has dedicated resources in the California market, and the message is starting to get out that Arizona is a viable expansion point for companies. The strategy regarding tech companies in California is not to convince companies to move away completely, but to instead get them to understand that expanding to Arizona can help reduce their costs and attract and retain top talent.

Mayor Lane inquired about the prevailing trends in international business relocation. Mr. Sullivan responded that Canada is currently flat, and that the strategy in Mexico is to be opportunistic and realistic in identifying companies that want access to specific entrepreneurial opportunities.

Mr. Sullivan said 56% of companies in the pipeline prefer the Phoenix metro area, with Tucson coming in a strong second. Within the Phoenix area, four companies so far this fiscal year have specifically requested Scottsdale, but many others have yet to narrow down their choices. ACA works to understand the needs of companies and will not hesitate suggesting alternatives if it would result in a better match than their initial preference.

Mr. Sullivan said ACA recently met with many senior executives, consultants and site selectors at a networking event in Santa Clara, California. A similar event is planned for Southern California on January 13. Most of the attendees had no prior idea of Arizona's value proposition. The state's proximity to their headquarters is a big selling point. The Arizona Cardinals will host an event for executives of key target companies on December 28. This will be the third time this season they have partnered with ACA, and both prior events were well received, resulting in six companies entering the pipeline. The ACA's biggest push right now is the visiting CEO program during Super Bowl week. So far 28 executives are expected to visit, and ACA has set a goal of attracting 50 overall.

3. National Business Aviation Association (NBAA) Conference Update

Sarah Ferrara, Aviation Planning and Outreach Coordinator, reported that Economic Development exhibited at the NBAA conference in Orlando in October. This show allows staff to meet with CEOs and business owners in the business aviation community. Past efforts to promote Scottsdale Airport and the city as a whole have been very successful. The show has been growing. It attracted 26,000 attendees and 1,100 exhibitors from 95 countries this year. Scottsdale partnered with Barrett-Jackson, who offered the use of two classic cars for the display. Their presence served as a good conversation starter, and from there it was easy to transition into more structured discussions.

Ms. Ferrara said the theme this year was Super Season 2015. One goal was to reassure people that appropriate measures have been taken to avoid the departure problems that followed the 2008 Super Bowl game. This was also an opportunity to highlight all of the signature events executives can access through Scottsdale Airport. This was the third year Scottsdale has attended NBAA and it is viewed as a long-term investment in building and maintaining relationships.

Mayor Lane inquired about efforts to mitigate the departure delays that occurred after the 2008 Super Bowl. Ms. Ferrara said staff has been meeting with the FAA to get them to release more departure spots. A big part of the solution this time has been the effort to deconflict departure routes from the metro area airports. A new reservation system has also been established for departing flights. The new U.S. Customs Service program has been working well, and its hours have been expanded.

Robert Tunis said he has encountered a common narrative. People first come to Scottsdale to attend an event, then they decide to buy a second home here, then they decide to set up a business here. The key to this narrative is knowing that Scottsdale has the infrastructure to support a business and is more than just a resort city. To this end, staff is developing relationships with corporate jet owners. It normally takes two to three years for them to make the decision to move a business here, and the Airport is a key part of the decision. Scottsdale is one of the few cities that enables executives to live in a resort home and operate a business at the same time.

Ms. Ferrara stated that the cost of visiting a show like NBAA can be easily offset by just one visit. The total economic impact of one jet can exceed \$11,000. A fuel discount promotion was offered to jets that have not been to Scottsdale Airport in more than two years. It is difficult to formally track tangible results, but anecdotal evidence suggests that several jets have visited Scottsdale as a result of the show.

Kelly Corsette, Communications and Public Affairs Director, explained that the three-year investment in the NBAA has been very successful. The effort has positioned Scottsdale as the premier corporate general aviation airport in the metro area. Corporations from all over the U.S. come to Scottsdale for meetings, and the NBAA puts staff in direct contact with this audience in a very visible way. Ms. Ferrara reported that this latest NBAA show produced 271 leads, which brings the total number of leads to over 800. The NBAA is considering Scottsdale as a location for an upcoming regional forum.

4. Economic Development Department Report

Danielle Casey, Economic Development Director, reported that the Cure Corridor Luncheon occurred on December 5. The feedback has been extremely positive. The luncheon sold out one week in advance, which created a sense of exclusivity. The keynote address is now available online. Event attendees will receive thank you notes from Mayor Lane, and be asked to answer a quick survey on their experiences. This information will be used to plan future awareness events. The luncheon produced good media visibility, and a follow-up article has already appeared in the Phoenix Business Journal.

Ms. Casey said the Scottsdale Advantage is a brochure that has been available for six weeks now. It offers a comprehensive look at Scottsdale's target industries, main employment centers, key advantages for choosing the region, metropolitan comparisons on the cost of doing business, and demographics and labor analytics. The brochures are printed in very limited quantities for use in very targeted business meetings, but is also available online. As a follow-up, a set of customized one-sheet value propositions is being produced for targeted industries in various parts of the country. These will be used extensively for lead generation activity.

Ms. Casey reported that the Eureka Loft program continues to grow, and the partnership with the Library is strong. Grant applications have been submitted for funds to furnish and enclose the space to make it more conducive to conversations. The Industrial Development Authority has suspended its grant funding activity indefinitely. Staff is reaching out to secure donations of

office furniture to Friends of the Library. The Eureka Loft Advisory Committee is working on a small business startup training series, and the team is putting together a comprehensive manual to explain how to do business in the city. ASU is contributing up to \$10,000 in grant funds to help cover trademarking expenses.

Ms. Casey reported on a recent presentation to the National League of Cities that focused on the history of Scottsdale, and how downtown was developed without many of the tools that other cities have used. She also participated in a marketing panel to discuss the importance of custom materials and digital media presence in communicating with target audiences. Economic Development's electronic newsletter is tracking at a 31% open rate and with a 12% click through rate, which is above the national average for government publications.

Rob Millar reported on two conferences he has attended recently. The goal of participating in these gatherings is to generate quality leads. The International Council of Shopping Centers (ICSC) Western Regional Conference was held in San Diego in October. It is a good opportunity to meet with commercial brokers, developers and retailers that focus on the western region. Rather than waiting for contacts to approach, staff works to line up meetings in advance. The cost was shared with six other municipalities. This effort generated eight quality leads that could turn into viable projects.

Mr. Millar said the Council of Development Finance Agencies (CDFA) was lured by the IDA to Scottsdale, bringing in nearly 400 participants. It provided Scottsdale's Industrial Development Authority (IDA) with tremendous exposure to development financing specialists. On the first day, 128 participants attended an Arizona roundtable that focused specifically on local initiatives. About 270 attendees took part in the three-day summit that followed. The result was 11,061 visitor days, and an economic impact of over \$400,000. Local tax revenue was over \$20,000, and state tax revenue was \$23,000.

Ms. Casey stated that the 2014/2015 first quarter report is available. It contains information on business expansion and retention efforts, small business assistance programs, and event planning activities. The performance measures were poor for the first quarter, but the second quarter looks very strong and measures will be on target for the year.

Staff has recently been assisting the Make-A-Wish Foundation in their relocation to Scottsdale.

5. Open Call to the Public (A.R.S. §38-431.02)

None.

6. Future Agenda Items

None.

Adjournment

With no further business before the Subcommittee, the meeting adjourned at 5:02 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.